

STATE OF MICHIGAN  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

Holliday Insurance Agency, Inc  
License No. 0034992

Enforcement Case No. 05-3902

Lucretia D. Holliday  
License No. 0061296

Respondents

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*Issued and entered*  
on 23 January, 2006  
by *Frances K. Wallace*  
Chief Deputy Commissioner

CONSENT ORDER AND STIPULATION

**A. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The staff of the Office of Financial and Insurance Services ("OFIS") alleges that the following facts are true and correct:

1. At all times pertinent, Holliday Insurance Agency, Inc. (license no. 0034992) ("HIA") was a licensed insurance agency doing business in the State of Michigan.
2. HIA is located at 39400 Woodward Ave., Suite 165, Bloomfield Hills, MI 48304.
3. At all times pertinent, Lucretia Holliday (license no. 0061296) ("Holliday") was a licensed resident producer of insurance with qualifications in Accident and Health, Life, Property, and Casualty in the state of Michigan. Holliday is the President of HIA.
4. Holliday is located at 39400 Woodward Ave., Suite 165, Bloomfield Hills, MI 48304. HIA and Holliday are collectively referred to hereafter as ("Respondents").

5. As a licensed agency and licensed resident producer, Respondents knew or had reason to know that Section 1207(1) of the Michigan Insurance Code provides that an agent shall be a fiduciary for all money received or held by the agent in his or her capacity as an agent. Failure by an agent in a timely manner to turn over the money, which he or she holds in a fiduciary capacity to the persons to whom they are owed, is prima facie evidence of violation of the agent's fiduciary responsibility.
6. Respondents further knew or had reason to know that Section 1239(1)(g) of the Michigan Insurance Code provides that the Commissioner may place on probation, suspend, or revoke an agency's and producer's license or levy a civil fine for having admitted or been found to have committed any insurance unfair trade or practice or fraud.
7. Respondents further knew or had reason to know that Section 1239(1)(h) of the Michigan Insurance Code provides that the Commissioner place on probation, suspend, or revoke an agency's and producer's license or levy a civil fine for using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
8. Respondents further knew or had reason to know that Section 1911 of the Michigan Insurance Code prohibits a licensee from issuing evidence of placement of insurance, cause or purport to cause any risk to be insured by an eligible unauthorized insurer, or advise any insured or applicant for insurance or the representative of the insured or applicant that insurance has been or will be obtained from an eligible unauthorized insurer.
9. Respondents further knew or had reason to know that Section 1201a of the Michigan Insurance Code prohibits a person from selling, soliciting, or negotiating insurance in the State of Michigan for any line of insurance unless the person is licensed for line of insurance.
10. Based on the alleged breach of fiduciary duties, fraudulent and dishonest practices, placing surplus lines business without authority or licensure, Respondents' licenses are subject to sanctions and/or the levying of civil fines pursuant to Section 1239 and Section 1244 of the Michigan Insurance Code.
11. On or about November 25, 2003, \_\_\_\_\_, owner of \_\_\_\_\_, paid Respondents \$1,185.00 for a one-year Workers Compensation contract and commercial insurance policy. Respondents issued receipt number 284 to Reliance Mechanical for the amount paid.
12. On or about November 25, 2003, Respondents issued an ACORD commercial insurance application for \_\_\_\_\_ with an effective date of December 15, 2003.

13. On or about December 2, 2003, Respondents issued an ACORD insurance binder for [redacted] to Sears showing Lloyd's of London as the company with an effective date of December 15, 2003.
14. On or about January 12, 2004, the Respondents sent an ACORD certificate of liability insurance to [redacted] showing Liberty Mutual Insurance as the insurer and an effective date of January 8, 2004. The certificate did not show any signatures or policy limits.
15. On or about February 10, 2004, Liberty Mutual notified OFIS that it confirmed with Respondents that [redacted] was not a Liberty Mutual policyholder.
16. On or about February 26, 2004, Lloyd's notified OFIS that Respondents have purported to act as a retail agent in this matter and should not have issued any documentation indicating that coverage had been arranged with any underwriters at Lloyd's.
17. On or about March 16, 2004, [redacted] received a refund of \$1,185.00 from Respondents.
18. Respondents collected premium from [redacted] for the purpose of insurance and failed to remit the full premium to the insurer.
19. Respondents issued an insurance certificate bearing the name of an eligible unauthorized surplus lines insurer (Lloyds of London) without written authority to act on behalf of the insurer.
20. On or about October 15, 2003, Respondents completed an ACORD commercial insurance application for [redacted]. The proposed effective date was November 1, 2003.
21. On or about December 4, 2003, Respondents sent a facsimile to [redacted] ( [redacted] ) at UBI, which requested [redacted] be bound as quoted. Respondent then sent the ACORD application to UBI.
22. On or about December 5, 2003 at 10:12 a.m., [redacted] sent Respondents a facsimile, which, stated he was in receipt of her request to bind coverage for [redacted]. [redacted] requested a copy of the agency check for the 25% deposit and confirmation the check would be mailed.
23. On or about December 5, 2003 at 4:41 p.m., [redacted] sent a fax message to Respondents, which stated coverage was not bound for [redacted]. [redacted] further advised coverage could not be bound because Respondents had failed to submit the requested items.

24. On or about December 12, 2003, Respondents sent a copy of a Bank One money order to UBI in the amount of \$750.00 for coverage on behalf of
25. On or about January 27, 2004, Respondents sent check #7510 drawn on the account of Respondent HIA to UBI in the amount of \$2,167.50 for the policy. On January 28, 2004, UBI notified Respondents via a facsimile that check # 7510 for was being returned. Bank One advised UBI that funds were not available to cover the check.
26. Underwriters at Lloyd's of London issued a policy to effective December 19, 2003. UBI requested that Lloyd's waive the minimum earned premium due to Respondents' failure to remit premium.
27. Respondents received a check for the purpose of insurance and Respondents failed to remit a check with sufficient premium funds to the insurer.
28. On or about June 26, 2003, Respondents completed a Frankenmuth Mutual Insurance Company application through the Michigan Basic Property Insurance Association for homeowner with an effective date of May 5, 2003. Countrywide Home Loan, the insured's mortgage company, issued a check for this application and made the check payable to Holliday Insurance Agency. A policy was issued and mailed to Holliday on July 2, 2003, per the information on the application.
29. The policy was billed and Frankenmuth received a check from Respondents dated August 30, 2003 for payment of the premium. The check was made payable to Frankenmuth Mutual and drawn on the account of Respondent HIA in the amount of \$1,438.00. The check was returned for insufficient funds on September 22, 2003. Frankenmuth cancelled the policy for non-payment of the premium on October 7, 2003.
30. On or about August 9, 2004, Respondents sent a response to OFIS stating that the reason the \$1,438.00 check was returned for insufficient funds is because another client gave her a check that was issued with insufficient funds.
31. On November 20, 2003, the Michigan Basic Property Insurance Association received another application and a money order for \$300.00.
32. On January 21, 2004, the Michigan Basic Property Insurance Association received a \$300.00 credit card payment for this policy.
33. indicated he did not make these payments and requested that Michigan Basic Property Insurance Association cancel the policy effective February 1, 2004.
34. Respondents received a check for the purpose of insurance and Respondents failed to submit a check with sufficient funds in the insurer.

35. On or about July 30, 2004, Respondent entered into a contractual relationship with Special Risks Facilities as a sub agent and/or producers agreement. Paragraph (5) of the agreement states, "Said account shall be due and payable on the fifteenth day of the month following the month for which the account is tendered whether or not the premiums for the item(s) shown thereon have been collected by the producer from the insured."
36. On or about October 29, 2004, Respondent issued check #7703 to Special Risks drawn on Respondent Agency's account in the amount of \$2,731.50. On or about November 2, 2004, the check was returned from the bank as "Return Unpaid Uncollected Funds."
37. On or about November 11, 2004, Special Risks notified Respondent Agency that the account was overdue. From that date forward Special Risks would not accept any new or renewal business from Respondent Agency.
38. Respondents accepted insurance premium funds on behalf of Special Risks and failed to timely remit the full premium to Special Risks.
39. On or about April 4, 2003, Respondents completed an application for Joetta Hawkins from the Michigan Basic Property Insurance Association.
40. The policy was cancelled due to Respondent HIA's premium check being returned for non-sufficient funds.

### **B. ORDER**

Based on the findings of fact and conclusions of law above and Respondent's stipulation, it is **ORDERED** that:

1. Respondent shall immediately cease and desist from operating in such a manner as to violate Sections 1201a, 1207, 1239, and 1911.
2. Respondent Lucretia D. Holliday shall pay to the State of Michigan a civil fine of One Thousand Dollars (\$1,000.00). Upon execution of this Order, OFIS will send Respondent an Invoice for the civil fine, which will be due within 30 days of issuance of the Invoice.



Frances K. Wallace  
Chief Deputy Commissioner  
Office of Financial and Insurance Services